

# LEGISLATIVE AND BUDGET ADDRESS

BY

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BEFORE THE 83RD GENERAL ASSEMBLY

JANUARY 23, 1985

LIEUTENANT GOVERNOR WOODS, MR. SPEAKER, MR. PRESIDENT PRO-TEM, DISTINGUISHED STATE OFFICIALS, MEMBERS OF THE JUDICIARY, MEMBERS OF THE 83RD GENERAL ASSEMBLY, REVEREND CLERGY, FELLOW MISSOURIANS:

IT IS A PRIVILEGE TO COME BEFORE YOU TODAY, AND AN HONOR TO HAVE THE OPPORTUNITY TO WORK WITH YOU IN THE MONTHS AND YEARS AHEAD. I AM GRATEFUL FOR YOUR GOOD WISHES OF RECENT WEEKS AND SHARE YOUR OPTIMISM FOR THE PROGRESS WE ARE POISED TO ACHIEVE.

THE LEADERSHIP AND MEMBERS OF THE GENERAL ASSEMBLY SHOULD TAKE PRIDE FOR PLACING TODAY'S OPPORTUNITIES WITHIN OUR REACH. WE HAVE COME THROUGH DIFFICULT YEARS FOR STATE GOVERNMENT--THE HARD TIMES OF THE 1980'S WHICH FOLLOWED THE INADEQUATE PLANNING OF THE LATE 1970'S AND PRODUCED WRENCHING CONSEQUENCES: DELAYS IN PAYMENTS TO SCHOOLS, REDUCED SERVICES AND PROGRAM CLOSINGS. IT TOOK TOUGH-MINDED LEADERSHIP TO PRESERVE AND STABILIZE THE SHIP OF STATE.

I BELIEVE THAT ALL OF US HERE TODAY SHARE A MANDATE TO WORK TOGETHER TO BREAK THE CYCLE OF BOOM AND BUST, OF FEAST AND FAMINE --YEARS OF PLENTY FOLLOWED QUICKLY BY YEARS OF PANIC.

I PROPOSE A PROGRAM OF SOUND PLANNING FOR STEADY PROGRESS. WE MUST LOOK TO THE YEARS AHEAD AS WELL AS THE YEAR AT HAND. WE MUST RESIST THE TEMPTATION TO MAKE DOWN PAYMENTS ON PROGRAMS WE CANNOT AFFORD TO MAINTAIN.

I AM PROPOSING THAT WE BREAK WITH THE TRADITION OF CHARTING THE STATE'S COURSE ONE YEAR AT A TIME. THE BUDGET I AM PRESENTING TO YOU RECOMMENDS APPROPRIATIONS FOR FISCAL YEAR 1986 TOGETHER WITH THE RESULTING OUTLOOK FOR THE NEXT FIVE YEARS. IT IS IMPOSSIBLE, OF COURSE, TO LOOK INTO THE FUTURE WITH ABSOLUTE CERTAINTY ABOUT REVENUE GROWTH AND OTHER TRENDS, BUT WE MUST RELY ON THE BEST THINKING OF OUR EXPERTS. I HAVE EXPRESSED MY HOPE THAT REVENUE FORECASTING MAY BECOME A COOPERATIVE VENTURE OF THE EXECUTIVE AND LEGISLATIVE BRANCHES. THE TIME HAS COME TO END THE "HOW MUCH DO WE HAVE DEBATE" AND TO FOCUS OUR EFFORTS ON THE BEST WAY TO ALLOCATE THE MONEY AVAILABLE. I CALL ON THE LEADERSHIP OF THE HOUSE AND SENATE TO JOIN THE EXECUTIVE BRANCH IN SEEKING A CONSENSUS REVENUE ESTIMATE WHICH WILL ALLOW US TO DEVOTE OUR ENERGY TO ADDRESSING MISSOURI'S FUTURE.

IN 1983 YOU ENACTED HOUSE BILL 10, REQUIRING CREATION OF A STATE CASH FLOW RESERVE FUND BY THE END OF THIS FISCAL YEAR. ACCEPTED BUDGETARY STANDARDS PRESCRIBE THAT SUCH A RESERVE SHOULD EQUAL FIVE PERCENT OF ANNUAL BUDGET OBLIGATIONS. THEREFORE, I AM RECOMMENDING THAT YOU IMMEDIATELY SET ASIDE THAT TOTAL

PERCENTAGE, \$130 MILLION, AS A FIRST STEP TOWARD FULL FISCAL RESPONSIBILITY AND SOUND PLANNING. BY DOING SO WE WILL AVOID CRISES CAUSED BY CASH FLOW IRREGULARITIES THAT CAN OCCUR EVEN IN THE BEST OF YEARS.

APPROXIMATELY \$70 MILLION CARRIED OVER FROM THIS YEAR RESULTS FROM ONE-TIME COLLECTION ACTIONS AND NON-RECURRING FEDERAL REIMBURSEMENTS. IT WOULD BE A MISTAKE TO BUDGET THEM FOR ONGOING PROGRAMS AND SERVICES WE MIGHT NOT BE ABLE TO SUSTAIN. I AM THEREFORE PROPOSING THAT WE ALLOCATE THESE FUNDS FOR A ONE-TIME USE THAT WILL PRODUCE CONTINUING BENEFITS FOR THE REMAINDER OF THE CENTURY. I RECOMMEND THAT WE SET ASIDE \$75 MILLION FOR PAYMENT OF OUTSTANDING HIGH-INTEREST STATE BONDS. THIS WILL MAKE AN ADDITIONAL \$150 MILLION AVAILABLE IN FUTURE YEARS.

THERE IS ONE ADDITIONAL ACTION I ASK OF YOU AS PART OF OUR PROGRAM OF SETTING THE STAGE FOR STEADY PROGRESS AND AVOIDING CYCLES OF BOOM AND BUST. I RECOMMEND ENACTMENT AND FUNDING OF A \$20 MILLION BUDGET STABILIZATION FUND TO PREVENT SERIOUS DISRUPTION OF SERVICES SHOULD REVENUES DROP UNEXPECTEDLY AS A RESULT OF A NATIONAL RECESSION, SUDDEN FEDERAL CUTBACKS, OR OTHER MAJOR PROBLEMS. NINETEEN STATES NOW HAVE SUCH "RAINY DAY FUNDS." UNLIKE CASH FLOW RESERVES, WHICH MUST BE MAINTAINED INTACT IN GOOD TIMES AND BAD FOR THE STABLE OPERATION OF GOVERNMENT, A RAINY DAY FUND WILL BE AVAILABLE TO BE DRAWN UPON IN HARD TIMES--AND REPLENISHED IN BETTER YEARS--TO MAINTAIN ESSENTIAL STATE SERVICES.

THIS SERIES OF ONE-TIME INVESTMENT--THE CASH FLOW RESERVE, BOND DEFEASANCE, AND RAINY DAY FUND--WILL ENABLE US TO DEVELOP A PROGRAM OF STEADY PROGRESS FOR THE MANY YEARS AHEAD.

AFTER THESE IMPORTANT STEPS TO GUARD OUR FUTURE SECURITY, WE HAVE APPROXIMATELY \$435 MILLION DOLLARS AVAILABLE TO ADDRESS THE NEW NEEDS AND OBLIGATIONS OF THE NEXT FISCAL YEAR. \$311 MILLION OF THOSE FUNDS ARE REQUIRED TO MEET MANDATORY INFLATIONARY COSTS TO IMPLEMENT RECENT LEGISLATION, TO GRANT A REASONABLE STATE EMPLOYEE PAY INCREASE, TO MAKE URGENTLY NEEDED CAPITAL IMPROVEMENTS, TO RESERVE FUNDS FOR SUPPLEMENTAL APPROPRIATIONS AND TO ALLOW FOR \$79.5 MILLION TO MEET EXPECTED COURT-ORDERED COSTS OF ST. LOUIS' AREA DESEGREGATION.

WE ARE LEFT WITH \$124 MILLION FOR PROGRAM ENHANCEMENT. THE PROGRAM I AM RECOMMENDING TODAY FOCUSES THOSE RESOURCES ON OUR HIGHEST PRIORITIES. \$84.6 MILLION, 68% OF THE TOTAL, IS TARGETED FOR OUR SCHOOLS AND HIGHER EDUCATION. \$6.3 MILLION, MORE THAN 5%, IS PROPOSED FOR SUPPORT AND PROTECTION OF OUR CHILDREN. ALMOST \$5 MILLION, OR 4%--PLUS A SINGLE MAJOR INITIATIVE I WILL DISCUSS IN A FEW MOMENTS--IS RECOMMENDED FOR ECONOMIC DEVELOPMENT. \$28.6 MILLION, ABOUT 23% OF THE TOTAL, IS DEVOTED TO OTHER MAJOR PRIORITIES IN SUPPORT OF OLDER MISSOURIANS, PUBLIC HEALTH, WELFARE AND SAFETY AND OTHER MATTERS.

MISSOURI WILL BE PLACED AMONG THE LEADERS OR THE LOSERS OF THE 21ST CENTURY DEPENDING UPON OUR ACTION TO REFORM AND SUPPORT OUR SCHOOLS.

IMPORTANT FOUNDATIONS HAVE BEEN LAID. THE STATE BOARD OF EDUCATION HAS IDENTIFIED VALID NEEDS AND REFORMS, AS HAVE MANY LOCAL SCHOOL DISTRICTS. THE 82ND GENERAL ASSEMBLY AUTHORIZED SIGNIFICANT ACTION WHILE SPEAKER GRIFFIN AND SENATOR SCOTT CHARGED A JOINT COMMITTEE WITH UNDERTAKING AN EXTENSIVE STUDY ON OPTIONS FOR EDUCATIONAL REFORM.

THE TIME HAS COME TO TAKE MAJOR STEPS TO DESIGN AND BUILD THE EDUCATIONAL SYSTEM WE NEED. SOME WILL ADVISE US TO POUR ALL OF OUR RESOURCES INTO THE SCHOOL FOUNDATION PROGRAM AS IT PRESENTLY EXISTS -- AND TREAT REFORM AS A SEPARATE ISSUE THAT WILL SOMEHOW TAKE CARE OF ITSELF. TOGETHER WE MUST PLAN OUR PROGRAM OF REFORM AND DEVOTE A PORTION OF EVERY NEW EDUCATION DOLLAR TO ITS IMPLEMENTATION.

MY FIRST PRINCIPLE IS THAT EDUCATIONAL REFORM SHOULD BEGIN IMMEDIATELY.

MY SECOND PRINCIPLE OF REFORM IS THAT OUR INITIATIVES SHOULD BE DIRECTED TOWARD THE ACHIEVEMENT OF SPECIFIC GOALS THAT ARE TRULY EDUCATION-ORIENTED . TOO OFTEN, THERE IS A TENDENCY TO EXPRESS GOALS IN TERMS OF DOLLARS WE WANT TO SPEND OR SIZE OF THE STAFF WE EMPLOY. IT HAS BEEN ESPECIALLY TEMPTING TO DO SO IN RECENT YEARS WHEN THE DOLLARS AVAILABLE FOR ALLOCATION HAVE UNQUESTIONABLY BEEN TOO FEW. BUT IN EDUCATION OUR GOALS AND OUR GAUGES OF CLASSROOM SUCCESS SHOULD FOCUS MORE ON THE RESULTS SHOWN IN OUR STUDENTS RATHER THAN THE METHODOLOGIES AND RESOURCES APPLIED.

THE PRINCIPLE OF BEING GUIDED BY "STUDENT OUTCOMES" HAS BEEN A KEY TO THE SUCCESS ACHIEVED BY YOUR JOINT COMMITTEE ON EDUCATION. SENATOR ROGER WILSON, REPRESENTATIVE ANNETTE MORGAN AND THE OTHER MEMBERS HAVE CAREFULLY STUDIED THE BEST AVAILABLE DATA ON EFFECTIVE TEACHING AND STUDENT ACHIEVEMENT. THE COMMITTEE HAS IDENTIFIED REFORMS WE SHOULD UNDERTAKE IMMEDIATELY WITH CONFIDENCE THAT THEY WILL PRODUCE RESULTS IN STUDENT PERFORMANCE.

WE NEED TO TEST OUR STUDENTS MORE SYSTEMATICALLY TO MONITOR THEIR PROGRESS AND ASSURE THEIR MASTERY OF NEEDED SKILLS.

WE NEED TO ASK SCHOOLS TO DEVELOP AND ENFORCE THOROUGH DISCIPLINE POLICIES.

WE SHOULD PROVIDE INCENTIVES FOR DISTRICTS TO DEVELOP ADDITIONAL PROGRAMS PROMOTING PARENTAL INVOLVEMENT, VOLUNTEER PARTICIPATION AND BUSINESS-EDUCATION PARTNERSHIPS.

WE MUST DO A BETTER JOB OF PREPARING SCHOOL ADMINISTRATORS FOR THE MANAGEMENT AND EVALUATION OF INSTRUCTION AND PERSONNEL.

YOUR JOINT COMMITTEE ON EDUCATION HAS BEEN SUCCESSFUL IN IDENTIFYING REFORMS TO ADVANCE EACH OF THESE GOALS. MOST IMPORTANTLY, HOWEVER, ITS MEMBERS HAVE FOCUSED ON THE NEED TO ASSURE THE MAINTENANCE OF HIGH QUALITY TEACHERS IN OUR CLASSROOMS.

FOR AS LONG AS THERE HAS BEEN FORMAL EDUCATION, THERE HAS BEEN A RECOGNITION THAT THE QUALITY OF THOSE WHO TEACH IS THE MOST IMPORTANT INGREDIENT. COMMISSIONER MALLORY SAYS THE MOST IMPORTANT QUESTION FACING OUR STATE AND NATION IS "WHO WILL TEACH

OUR CHILDREN?" TODAY, LARGE NUMBERS OF THOSE WHO FORMERLY WENT INTO THE TEACHING PROFESSION ARE BEING ATTRACTED TO BUSINESS AND OTHER PROFESSIONS. THE STATE MUST MAKE EVERY EFFORT TO ENCOURAGE MANY OF THE BEST AND MOST ABLE STUDENTS IN OUR COLLEGES TO GO INTO THE TEACHING PROFESSION.

THAT EFFORT SHOULD INCLUDE A PROGRAM OF TARGETED LOANS FOR QUALIFIED COLLEGE STUDENTS WHO WILL BECOME TEACHERS. A PERCENTAGE OF THE PRINCIPLE OR INTEREST ON THESE LOANS SHOULD BE FORGIVEN IF NECESSARY IN ORDER TO ATTRACT TEACHERS FROM AMONG THE BEST AND BRIGHTEST OF OUR STUDENTS.

SALARIES ALSO MUST BE IMPROVED SIGNIFICANTLY IF WE ARE TO ATTRACT THESE STUDENTS TO TEACHING. ON A STATEWIDE BASIS OUR AVERAGE SALARIES ARE TOO LOW TO COMPETE EFFECTIVELY WITH OTHER PROFESSIONS OR WITH TEACHING CAREERS IN MANY OTHER STATES. ON A DISTRICT-BY-DISTRICT BASIS, THE LEVEL OF CERTAIN SALARIES IS SHOCKING. I ASK FOR YOUR HELP IN RAISING OUR TEACHERS' SALARIES TO THE NATIONAL AVERAGE DURING THE COMING YEARS SO THAT WE CAN COMPETE FOR TALENTED NEW TEACHERS AND RETAIN THE FINE TEACHERS WE HAVE.

I JOIN THE EDUCATION COMMITTEE IN THE BELIEF THAT IMPLEMENTATION OF A CAREER LADDER PLAN FOR TEACHERS SHOULD BE AN IMPORTANT PART OF ACHIEVING THAT GOAL. TWO YEARS AGO YOU WISELY ENACTED THE REQUIREMENT THAT EACH SCHOOL DISTRICT CONDUCT PERFORMANCE EVALUATIONS OF ALL TEACHERS. THOSE EVALUATIONS ARE BEING CONDUCTED. WE SHOULD NOW PROVIDE SPECIAL CAREER LADDER OPPORTUNITIES AND COMPENSATION TO THE TEACHERS WHO ARE EXCELLING IN THE CLASSROOM.

ANOTHER IMPORTANT REFORM TO ENSURE THE ABILITY OF NEW TEACHERS IS THE REQUIREMENT OF PASSING A PREPAREDNESS EXAMINATION PRIOR TO INITIAL CERTIFICATION. THE EDUCATION COMMITTEE IS RECOMMENDING THIS MEASURE AND I FULLY ENDORSE IT.

I AM CONFIDENT THAT A PROGRAM OF SPECIAL RECRUITMENT LOANS, ENTRANCE TESTING, AND IMPROVED PAY LINKED TO CLASSROOM PERFORMANCE AND INCREASED RESPONSIBILITY WILL PROVIDE MISSOURI STUDENTS WITH TOP NOTCH TEACHERS WELL INTO THE NEXT CENTURY.

I HAVE PROPOSED TWO PRINCIPLES TO GUIDE OUR CONSIDERATION OF THE ISSUE OF REFORM IN EDUCATION: FIRST, THAT WE UNDERTAKE IT IMMEDIATELY BY GIVING IT A PRIORITY EQUAL TO OTHER EDUCATIONAL SUPPORT; SECOND, THAT WE, LIKE THE EDUCATION COMMITTEE, BE GUIDED BY GOALS CLOSELY RELATED TO STUDENT ACHIEVEMENT.

TO THESE I WILL ADD ONE FINAL PRINCIPLE. MISSOURI HAS A GREAT HERITAGE OF LOCAL CONTROL OF EDUCATION. I BELIEVE THAT LOCAL CONTROL OR A COMMUNITY'S "SENSE OF OWNERSHIP" OF ITS SCHOOLS (IN THE WORDS OF THE BOARD OF EDUCATION'S ACTION PLAN) IS VITAL TO THE COMMUNITY SUPPORT THAT HAS GIVEN AMERICAN PUBLIC EDUCATION ITS STRENGTH. IT WOULD BE A TRAGEDY AND A DISASTER FOR MISSOURI'S EDUCATION SYSTEM IF THE STATE, IN THE NAME OF REFORM, BEGAN TO TAKE OVER THE OPERATION OF OUR PUBLIC SCHOOLS.

AS WE UNDERTAKE THE TASK OF REFORMING OUR SCHOOLS, THE STATE MUST DO SO IN PARTNERSHIP WITH LOCAL DISTRICTS. THEY MUST SHARE IN THE DECISION, THE RESPONSIBILITY AND THE COST ON A DISTRICT-BY-DISTRICT BASIS.

THE FINANCIAL RESOURCES OF MANY DISTRICTS ARE NOW UNDULY CONSTRAINED BY THE REQUIREMENT OF A TWO-THIRDS MAJORITY VOTE IN ORDER TO INCREASE TAX LEVIES. I RECOMMEND THAT WE EXAMINE VARIOUS METHODS OF MAKING ADDITIONAL RESOURCES AVAILABLE TO SCHOOLS BY A SIMPLE MAJORITY VOTE OR AT LEAST SOME PERCENTAGE SIGNIFICANTLY LESS THAN TWO-THIRDS. WE SHOULD CONSIDER STATUTORY AND CONSTITUTIONAL APPROACHES TO THIS PROBLEM. OUR SCHOOL DISTRICTS MUST HAVE GREATER ACCESS TO RESOURCES TO INVEST IN EDUCATIONAL INITIATIVES AND TO BEAR THEIR SHARE OF THE COSTS OF THE NEEDED REFORMS THAT SHOULD BE ENACTED THIS YEAR.

THE BUDGET I AM SUBMITTING TO YOU FOR SUPPORT OF ELEMENTARY AND SECONDARY EDUCATION REFLECTS THE PRINCIPLES I HAVE OUTLINED. IT WILL ENABLE US TO MOVE FORWARD WITH EDUCATIONAL REFORM IMMEDIATELY. FOR THE EXISTING SCHOOL FOUNDATION PROGRAM, I AM REQUESTING THAT YOU APPROPRIATE \$759 MILLION -- AN INCREASE OF \$50 MILLION DOLLARS OVER LAST YEAR. THIS MORE THAN DOUBLES LAST YEAR'S INCREASE, AND TOGETHER WITH OTHER STATE FUNDS IT WILL INCREASE STATE EXPENDITURES BY MORE THAN \$80 MILLION, OR \$113 PER PUPIL. IT WILL GIVE ALL TEACHERS THE POTENTIAL OF SUBSTANTIAL SALARY INCREASES.

ALLOCATING ANY GREATER FUNDS TO THE PRESENT FOUNDATION PROGRAM WOULD JEOPARDIZE OUR ABILITY TO PROCEED WITH IMPLEMENTING THE REFORMS SUPPORTED BY ME AND BY YOUR COMMITTEE ON EDUCATION. I WANT TO SUPPORT SIGNIFICANT ADDITIONAL FUNDING FOR EDUCATION DURING THIS SESSION, AND I PLAN TO DO SO AS SOON AS YOU ESTABLISH THE LEGISLATIVE FRAMEWORK FOR DIRECTING THOSE ADDITIONAL DOLLARS

INTO A CAREER LADDER, NEW TESTING AND OTHER NEEDED REFORMS. WHEN IT BECOMES CLEAR THAT A SOUND AND SENSIBLE PACKAGE OF REFORMS IS ON A COURSE TOWARD LEGISLATIVE APPROVAL, I WILL RETURN TO ASK YOU FOR AN APPROPRIATION OF ADDITIONAL FUNDS TO BEGIN ITS IMPLEMENTATION DURING THE 1986 FISCAL YEAR.

LAST NOVEMBER THE VOTERS MANDATED ACTION IN REGARD TO A STATE LOTTERY AND pari-mutuel RACING. I WILL INSIST THAT PLANS FOR ESTABLISHING THOSE ACTIVITIES PROVIDE MAXIMUM ASSURANCE OF TOTAL HONESTY AND INTEGRITY IN THEIR ADMINISTRATION, AND I AM CERTAIN YOU JOIN ME IN THAT DETERMINATION. I ALSO ASK THAT YOU ALLOCATE AND DEVOTE THE TOTAL NET AVAILABLE INCOME FROM THOSE ACTIVITIES TO THE SUPPORT OF EDUCATION.

I AM ASKING YOU FOR NEW OR INCREASED APPROPRIATIONS FOR A NUMBER OF VERY HIGH PRIORITY EDUCATION NEEDS.

LAST YEAR YOU ENACTED SENATE BILL 658, THE EARLY CHILDHOOD DEVELOPMENT ACT, TO DETECT CHILDREN'S LEARNING PROBLEMS AT AN EARLY AGE. I RECOMMEND APPROPRIATION OF \$2.8 MILLION TO BEGIN IMPLEMENTATION OF THIS PROGRAM TO ENCOURAGE THE DEVELOPMENT OF MISSOURI'S CHILDREN.

I RECOMMEND \$560,000 TO EXPAND THE DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION'S INDUSTRY TRAINING PROGRAM. THIS WILL PERMIT THE DEPARTMENT TO UTILIZE \$1.3 MILLION FOR NEW CUSTOMIZED VOCATIONAL TRAINING PROGRAMS.

FOR THE DIVISION OF INSTRUCTION, I RECOMMEND MORE THAN \$2.5 MILLION TO UNDERTAKE INITIATIVES IN STUDENT TESTING, MATH AND SCIENCE INSTRUCTION, COMPUTER EDUCATION AND TO COMPLETE

ESTABLISHMENT OF THE MISSOURI SCHOLARS ACADEMY. THE STUDENT TESTING PROGRAM WILL ALLOW SCHOOL DISTRICTS TO EARN ADDITIONAL CLASSIFICATION RECOGNITION IF THEY PARTICIPATE AND ACHIEVE ADEQUATE SCORES. NEW POSITIONS OF DIRECTOR OF MATH AND SCIENCE TOGETHER WITH \$2 MILLION IN FEDERAL GRANT FUNDS WILL HELP SCHOOL DISTRICTS IMPROVE THEIR INSTRUCTION IN THESE FIELDS. THE EMPLOYMENT OF FOUR MICROCOMPUTER EXPERTS WILL ENABLE THE DEPARTMENT TO ESTABLISH A SOFTWARE CLEARINGHOUSE AND PROVIDE TECHNICAL ASSISTANCE TO SCHOOL DISTRICTS. EACH OF THESE INITIATIVES IS VITAL TO EQUIPPING OUR STATE FOR MODERN TECHNOLOGICAL EDUCATION.

MY COMMITMENT TO EXCELLENCE IN EDUCATION INCLUDES SUPPORT OF HIGH QUALITY UNIVERSITIES AND COLLEGES. I AM RECOMMENDING AN INCREASE OF \$29.5 MILLION - 24% OF ALL DISCRETIONARY GENERAL REVENUE FUNDING INCREASES - FOR PUBLIC HIGHER EDUCATION. THIS AMOUNT REPRESENTS AN 8.25% INCREASE IN STATE FUNDS FOR MISSOURI'S TEN PUBLIC, FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION AND PROVIDES FUNDING FOR JUNIOR COLLEGES AT 42% OF THEIR ESTIMATED BUDGETS.

MY RECOMMENDATION FOR OUR HIGHER EDUCATION INSTITUTIONS INCLUDES SPECIFIC FUNDING FOR TARGETED STATE INVESTMENTS IN QUALITY EDUCATION AND RESEARCH PROJECTS. I AM RECOMMENDING \$6.9 MILLION TO UPGRADE COMPUTER SCIENCE PROGRAMS. THIS IMPORTANT ONE-TIME INVESTMENT WILL REPLACE OBSOLETE COMPUTER EQUIPMENT, BUY NEW SOFTWARE AND HELP PREPARE OUR YOUNG PEOPLE TO THRIVE IN A SOCIETY AND ECONOMY WHICH INCREASINGLY RELY ON COMPUTER TECHNOLOGY.

I AM RECOMMENDING \$550,000 TO CONTINUE THE FOOD FOR THE 21ST CENTURY PROJECT. THIS PROJECT CAN PUT MISSOURI IN THE FOREFRONT IN FOOD TECHNOLOGIES.

MY RECOMMENDATION ALSO INCLUDES SUPPORT FOR THE UNIVERSITY OF MISSOURI COLLEGE OF VETERINARY MEDICINE TO PROVIDE ADDITIONAL BOARD CERTIFIED FACULTY.

I AM RECOMMENDING INCREASED FUNDING FOR TWO INNOVATIVE PROJECTS IN HIGHER EDUCATION TO TEST STUDENTS AND ENSURE QUALITY INSTRUCTION. FOR NORTHEAST MISSOURI STATE UNIVERSITY I AM RECOMMENDING AN INCREASE OF \$565,904 FOR THEIR PIONEER, VALUE ADDED PROGRAM. THIS PROGRAM INVOLVES ADMINISTRATIVE, FACULTY, STUDENTS AND ALUMNI IN A TOTAL COMMITMENT TO IMPROVED EFFECTIVENESS OF INSTRUCTION. I APPLAUD THE WORK OF THE WHOLE NORTHEAST MISSOURI STATE UNIVERSITY FAMILY IN THIS INNOVATIONAL DIRECTION IN STUDENT TESTING.

I AM RECOMMENDING \$102,000 FOR SOUTHEAST MISSOURI STATE UNIVERSITY TO BEGIN A PROGRAM ASSESSING EDUCATIONAL ACHIEVEMENT OF STUDENTS. THE UNIVERSITY WILL TEST STUDENTS ENTERING AND COMPLETING GENERAL EDUCATION CLASSES AND USE TEST RESULTS TO REVISE CURRICULA AND IMPROVE INSTRUCTIONS.

HIGHER EDUCATION IS VITAL TO THE ECONOMIC WELL-BEING OF OUR STATE. I BELIEVE THESE BUDGET RECOMMENDATIONS WILL PROVIDE DIRECTION AND SUPPORT FOR QUALITY EDUCATION IN MISSOURI.

MAKING MISSOURI AN ENVIRONMENT OF OPPORTUNITY, DEVELOPMENT AND GROWTH IS THE CHARGE GIVEN US BY THE PEOPLE OF MISSOURI. THIS YEAR AND IN THE YEARS TO COME WE NEED TO PRESS FORWARD OUR CAMPAIGN FOR MISSOURI'S ECONOMIC DEVELOPMENT ON MANY FRONTS.

DESIGNING AN EDUCATIONAL SYSTEM TO PRODUCE EXCELLENCE IS AN INTEGRAL PART OF OUR RESPONSE TO CHALLENGE. THE PROGRAM I BRING TO YOU WILL FORGE OTHER TOOLS FOR ECONOMIC DEVELOPMENT AS WELL. THESE ARE A FEW OF THE HIGHLIGHTS:

- o ORGANIZATION OF MISSOURI'S NEW, VOTER-ENDORSED DEPARTMENT OF ECONOMIC DEVELOPMENT INTO A DYNAMIC SPEARHEAD FOR MISSOURI'S GROWTH. LEGISLATION RECOMMENDED BY THE AMENDMENT 6 IMPLEMENTATION TASK FORCE IS BEFORE BOTH CHAMBERS OF THIS ASSEMBLY AND I URGE YOU TO GIVE IT PROMPT APPROVAL.
- o BUILDING A STRONG FOUNDATION FOR HIGH-GROWTH, HIGH-TECHNOLOGY INDUSTRIES. ENERGETIC, CONCERTED WORK BY MANY FORESIGHTED MISSOURIANS HAS BROUGHT CREATION OF A HIGH-TECHNOLOGY RESEARCH PARK TO THE VERGE OF REALITY.

IT IS TIME FOR MISSOURI STATE GOVERNMENT TO MAKE A COMMITMENT WHICH CAN HELP BRING THE PARK INTO EXISTENCE, CREATING JOBS IN THE 1980s AND BUILDING A SPRINGBOARD TOWARD A HIGH-TECHNOLOGY ECONOMY FOR MISSOURI IN THE DECADES TO COME. I URGE THAT WE DESIGNATE \$1 MILLION FOR INITIAL DEVELOPMENT OF THE SITE SELECTED ON UNIVERSITY OF MISSOURI PROPERTY IN ST. CHARLES COUNTY.

TO STIMULATE TECHNOLOGY-DRIVEN ECONOMIC GROWTH I ALSO PROPOSE:

- o ENACTMENT OF INCENTIVES TO STIMULATE PRIVATE INVESTMENT IN NEW MISSOURI FIRMS WITH POTENTIAL FOR DEVELOPING TECHNOLOGY-INTENSIVE PRODUCTS;

- o AUTHORITY FOR OUR NEW CORPORATION FOR SCIENCE AND TECHNOLOGY AND DEPARTMENT OF ECONOMIC DEVELOPMENT TO SUPPORT "CENTERS FOR ADVANCED TECHNOLOGY" THROUGH A NEW "UNIVERSITY/INDUSTRY PARTNERSHIP RESEARCH" PROGRAM; AND
- o AN EXPANDED INVESTMENT IN THE NEW NETWORK OF INNOVATION CENTERS ALREADY AT WORK IN ST. LOUIS, KANSAS CITY, ROLLA AND COLUMBIA.

MISSOURI'S STRATEGY FOR GROWTH AND PROSPERITY HAS MANY COMPONENTS IN ADDITION TO THAT OF TECHNOLOGICAL DEVELOPMENT. MY FISCAL YEAR 1986 BUDGET TARGETS NEW RESOURCES TO THESE VARIED PROGRAMS.

TO EXPAND THE AVAILABILITY OF CAPITAL TO MISSOURI'S BUSINESS AND LOCAL DEVELOPMENT AUTHORITIES I RECOMMEND LEGISLATIVE ACTION TO COMBINE OUR ECONOMIC DEVELOPMENT COMMISSION AND INDUSTRIAL DEVELOPMENT BOARD INTO A SINGLE, MORE EFFECTIVE FINANCING AGENCY. TO GIVE THE NEW, STREAMLINED AGENCY MORE IMPACT I PROPOSE EXPANDING ITS FUNDING BY \$1.5 MILLION IN FISCAL YEAR 1986.

THE BUDGET I HAVE PREPARED DESIGNATES INCREASES OF:

- o \$248,000 TO EXPAND INTERNATIONAL TRADE AND INVESTMENT EFFORTS AND TO INCREASE BUSINESS RECRUITMENT AND STATE MARKETING;
- o \$1 MILLION TO DOUBLE THE FUNDS AVAILABLE TO PROMOTE MISSOURI TO OUT-OF-STATE TOURISTS AND VACATIONERS;
- o \$800,000 TO ADVANCE THE ARTS, A VITAL ELEMENT IN THE QUALITY OF LIFE. THE ARTS PROVIDE A MAJOR BOOST TO

TOURISM AND ARE CLOSELY WATCHED BY FIRMS CONSIDERING AN EXPANSION OR A MOVE IN THEIR OPERATIONS.

O \$560,000, A 37% FUNDING INCREASE, TO EXPAND THE AVAILABILITY OF CUSTOMIZED TRAINING PACKAGES FOR EXISTING AND PROSPECTIVE MISSOURI BUSINESSES.

TWICE DURING THE PAST TWO YEARS THE VOTERS OF MISSOURI HAVE CALLED FOR MAJOR NEW INVESTMENTS IN MISSOURI'S ECONOMIC INFRASTRUCTURE -- THE ROADS, BRIDGES, WATER SYSTEMS, PORTS AND AIRPORTS AND THE SOIL WHICH SUPPORT OUR ECONOMY.

I URGE YOUR AUTHORIZATION OF THE \$400 MILLION IN CONSTITUTIONAL AMENDMENT No. 1 BONDS NOT YET ACTED UPON BUT APPROVED BY MISSOURI VOTERS IN 1982. YOUR ACTION WILL CHANNEL \$60 MILLION TO ECONOMIC DEVELOPMENT PROJECTS THROUGHOUT MISSOURI WHERE THEIR IMPACT WILL BE MAGNIFIED BY MATCHING FEDERAL, LOCAL AND PRIVATE INVESTMENT, CREATING JOBS NOW AND IN THE FUTURE.

I ALSO ASK YOU TO APPROVE MY RECOMMENDATION OF \$34 MILLION TO COMBAT SOIL EROSION AND IMPROVE OUR STATE PARKS.

I HAVE ONE OTHER ANNOUNCEMENT IN REGARD TO ECONOMIC DEVELOPMENT -- IN LESS THAN FOUR MONTHS GENERAL MOTORS WILL SELECT THE LOCATION FOR ITS NEW "SATURN" AUTO ASSEMBLY PLANT. THIS PROJECT IS TOTALLY UNIQUE. G.M.'S CHAIRMAN, ROGER SMITH, CALLS THE SATURN PROJECT "THE KEY TO G.M.'S LONG-TERM COMPETITIVENESS, SURVIVAL AND SUCCESS AS A DOMESTIC PRODUCER".

THE MAIN ASSEMBLY PLANT WILL COVER FOUR MILLION SQUARE FEET, COST \$3.5 BILLION, PROVIDE 6,000 JOBS WITH AN ANNUAL PAYROLL IN EXCESS OF \$167 MILLION AND PRODUCE OVER 400,000 CARS PER YEAR.

SUCCESSFUL SUPPLIERS OF SATURN COMPONENTS WILL HAVE TO AGREE TO LOCATE THEIR PLANTS NEAR THE FINAL ASSEMBLY PLANT. THERE WILL BE 12 OR MORE OF THESE SATELLITE PLANTS CREATING THOUSANDS OF ADDITIONAL JOBS.

OUR ECONOMIC DEVELOPMENT RESEARCH STAFF ESTIMATES A TOTAL SATURN AND SATELLITES CAPITAL INVESTMENT OF ALMOST \$8.2 BILLION. THAT MAGNITUDE OF CONSTRUCTION WOULD CREATE AN ADDITIONAL BENEFIT TO MISSOURI BUSINESS AND INDUSTRY AS WELL AS INCREASED REVENUES TO STATE AND LOCAL GOVERNMENT. THE ESTIMATED ONE-TIME TOTAL ECONOMIC BENEFIT TO MISSOURI IS ALMOST \$13 BILLION.

WE ESTIMATE A TOTAL OF 16,000 JOBS WITH AN ANNUAL PAYROLL OF \$371 MILLION WILL BE INVOLVED IN THE ANNUAL PRODUCTION OF THE 400,000 SATURNS. THESE ESTIMATES INCLUDE THE SUBASSEMBLY JOBS.

EARLIER THIS MONTH, I RECEIVED AN INVITATION FROM GENERAL MOTORS TO MAKE A PRESENTATION ON BEHALF OF MISSOURI. CONSIDERING OUR CENTRAL LOCATION WHICH AFFORDS ECONOMICAL ACCESS TO RETAIL MARKETS AND THE FACT THAT MISSOURI IS CURRENTLY SECOND ONLY TO MICHIGAN IN AUTO ASSEMBLY, I AM CONVINCED OUR PROPOSAL WILL RECEIVE SERIOUS CONSIDERATION.

THE COMPETITION FOR THE SATURN PLANT WILL BE INTENSIVE.

WHILE I AM NOT INTERESTED IN ATTEMPTING TO BUY THIS INVESTMENT, CERTAIN STATE EXPENDITURES ARE PROPER AND NECESSARY. FOR EXAMPLE, THE HIGHWAY NETWORK REQUIRED BY THIS SIZE FACILITY IS AN OBVIOUS STATE AND LOCAL RESPONSIBILITY. THE SKILL LEVELS OF THE WORKERS WILL HAVE TO BE EXTREMELY HIGH. IMPROVING THE SKILLS OF MISSOURI WORKERS IS A SOUND STATE INVESTMENT.

EARLY NEXT WEEK, I WILL CONVENE AN ECONOMIC DEVELOPMENT SUMMIT MEETING IN JEFFERSON CITY. CIVIC AND BUSINESS LEADERS FROM AROUND THE STATE WILL BE ASKED TO JOIN IN THIS CAMPAIGN.

THE STATE MUST TAKE THE LEAD IN THIS EFFORT. I REQUEST THAT YOU BE PREPARED TO ESTABLISH A SPECIAL AUTOMOTIVE INDUSTRY INCENTIVE FUND. AS MUCH AS FIFTEEN MILLION DOLLARS MAY BE NEEDED FOR DEVELOPMENT OF PUBLIC INFRASTRUCTURE. A TOTAL OF APPROXIMATELY \$30 MILLION MAY BE REQUIRED DURING THE NEXT FOUR YEARS FOR SITE DEVELOPMENT, JOB TRAINING AND OTHER COSTS.

NO EXPENDITURES WOULD BE MADE UNLESS MISSOURI WAS FIRST SELECTED AS THE SITE FOR THIS INVESTMENT. GENERAL MOTORS HOPES TO MAKE A FINAL DECISION WITHIN 120 DAYS. THE STATE WILL RECEIVE AN ESTIMATED \$250 MILLION IN INCREASED REVENUES AS A RESULT OF THE CONSTRUCTION, AND ADDITIONAL ANNUAL STATE REVENUE OF \$26.3 MILLION RESULTING FROM THE AUTO PRODUCTION ACTIVITY. WE CANNOT FOREGO THIS INVESTMENT OPPORTUNITY FOR MISSOURI'S FUTURE.

MISSOURI'S CHILDREN ARE ITS MOST VALUABLE RESOURCES. WHILE EDUCATION IS THE STATE'S LARGEST OBLIGATION TO OUR CHILDREN, WE MUST ALSO PROVIDE AN ENVIRONMENT IN WHICH EVERY CHILD IS ASSURED OF ADEQUATE SECURITY, HEALTH AND CARE.

HAVING SERVED ON THE NATIONAL TASK FORCE ON FAMILY VIOLENCE AND HELPED PREPARE ITS REPORT, I AM ESPECIALLY CONCERNED ABOUT THE PLIGHT OF ABUSED CHILDREN. I RECOMMEND A MANIFOLD INITIATIVE TO FREE THE CHILDREN OF MISSOURI FROM THE SPECTRE OF ABUSE AND NEGLECT:

- o OUR CRIMINAL LAWS MUST BE STRENGTHENED TO PENALIZE MORE HARSHLY THOSE WHO VICTIMIZE CHILDREN SEXUALLY OR EXPLOIT THEM FOR PORNOGRAPHIC PURPOSES.
- o THE HIGHWAY PATROL HAS 450 ACTIVE FILES ON MISSING CHILDREN, BUT WE HAVE NO IDEA HOW FULLY THOSE NUMBERS REFLECT THE MAGNITUDE OF THIS PROBLEM. WE MUST CREATE A REGISTER OF MISSING CHILDREN TO PROVIDE FOR AN IMMEDIATE AND NATIONWIDE RESPONSE TO REPORTS OF THOSE WHO ARE LOST OR KIDNAPPED.
- o I AM RECOMMENDING MORE THAN ONE HALF MILLION DOLLARS TO FUND A PARENTAL STRESS HOTLINE, TO INSTRUCT PARENTS ON POSITIVE PARENTING TECHNIQUES AND TEACH CHILDREN HOW TO PROTECT THEMSELVES FROM SEXUAL ABUSE.
- o I AM ASKING FOR AN ENACTMENT AUTHORIZING THE DIVISION OF FAMILY SERVICES TO ESTABLISH A REGISTRY AND SHARE INFORMATION OF KNOWN CHILD ABUSERS WITH CHILD CARE PROVIDERS.
- o MY BUDGET PROPOSAL INCLUDES 20 ADDITIONAL STAFF TO SUPPORT THE DIVISION'S EFFORTS TO SAFEGUARD CHILDREN ATTENDING CHILD CARE FACILITIES AND \$180,000 TO HELP TRAIN CHILD CARE PROVIDERS IN THE DETECTION AND PREVENTION OF ABUSE. CHILD DAY CARE IS A VITAL SERVICE FOR WORKING PARENTS AND ITS AVAILABILITY MUST BE ENCOURAGED. FOR LOW-INCOME PARENTS, DAY CARE CAN MEAN THE DIFFERENCE BETWEEN PRODUCTIVE EMPLOYMENT AND WELFARE DEPENDENCE. TO HELP KEEP MANY OF THESE PARENTS IN THE WORKFORCE I AM RECOMMENDING FUNDS TO PROVIDE DAY CARE FOR AN

ADDITIONAL 400 CHILDREN.

ALSO I AM ASKING FOR YOUR HELP IN STRENGTHENING THE ENFORCEMENT OF CHILD SUPPORT ORDERS AND YOUR FAVORABLE CONSIDERATION OF CHANGES IN OUR ADOPTION LAWS TO HELP PROVIDE A STABLE FAMILY UPBRINGING FOR MORE MISSOURI CHILDREN AND TO PROHIBIT THE "SELLING" OF CHILDREN.

RESIDENTIAL TREATMENT FUNDS ARE BEING REQUESTED IN ORDER TO CARE FOR 25 ADDITIONAL CHILDREN WHO ARE NEGLECTED OR OTHERWISE IN NEED OF SUCH CARE. \$848,000 IS REQUESTED TO STRENGTHEN OUR FOSTER FAMILY SYSTEM. I AM ALSO PROPOSING A SIGNIFICANT NEW FUNDING FOR THE SUPPORT OF MISSOURI'S HIGH RISK MATERNITY AND CHILD CARE PROGRAM, CRIPPLED CHILDREN'S SERVICES, LEAD SCREENING, AND OTHER EFFORTS TO ENSURE THE HEALTH OF MISSOURI'S NEWEST GENERATION.

FINALLY, I AM RECOMMENDING A FAIR PERCENT INCREASE IN AID TO FAMILIES WITH DEPENDENT CHILDREN.

AT THE OTHER END OF THE AGE SPECTRUM ARE THE CITIZENS TO WHOM WE OWE THE MOST, OUR OLDER MISSOURIANS. AS WITH CHILDREN, SOME SENIOR CITIZENS ARE FREQUENT VICTIMS OF ABUSE OR NEGLECT, I URGE YOU TO PROVIDE ADDITIONAL STAFF TO THE PROTECTIVE SERVICES UNIT IN THE DIVISION OF AGING TO ACT UPON REPORTS OF THESE PROBLEMS.

POTENTIAL SHIFTS IN PROPERTY TAX BURDENS MAKE THIS AN APPROPRIATE TIME TO STRENGTHEN THE CIRCUIT BREAKER PROVISIONS THAT HELP PROTECT OLDER MISSOURIANS WITH LIMITED RESOURCES FROM THESE SHIFTS. I SUPPORT A SIGNIFICANT INCREASE IN THE MAXIMUM STATE INCOME TAX CREDIT ALLOWED UNDER THE CIRCUIT BREAKER.

SENIOR CITIZENS SHOULD HAVE THE OPTION OF REMAINING IN THEIR OWN HOMES AND MAINTAINING THEIR INDEPENDENCE TO THE GREATEST EXTENT POSSIBLE. TO THAT END I AM RECOMMENDING:

- o AN INCREASE OF MORE THAN \$1 MILLION FOR IN-HOME HYGIENE, HOMEMAKER AND OTHER SERVICES TO ASSIST MORE THAN 1,500 ADDITIONAL CITIZENS,
- o MORE THAN ONE HALF MILLION DOLLARS IN NEW GENERAL REVENUE AND ONE MILLION DOLLARS IN ADDITIONAL FEDERAL FUNDS TO HELP THE AREA AGENCIES ON AGING PROVIDE IN-HOME SERVICES, TRANSPORTATION AND MEALS,
- o \$46,000 TO ESTABLISH THE OLDER VOLUNTEER CREDIT BANK THROUGH WHICH OLDER MISSOURIANS WHO DONATE TIME TO HELP PROVIDE CARE WILL EARN "CREDITS" WHICH THEY CAN DRAW UPON IN THE FUTURE--FOR SIMILAR SERVICES FOR THEMSELVES.

BETTER HEALTH FOR SENIORS IS AN IMPORTANT PRIORITY REGARDLESS OF SETTING, AND I AM RECOMMENDING FOUR ADDITIONAL STAFF TO DEVELOP A HEALTH AWARENESS PROGRAM JOINTLY SPONSORED BY THE DIVISIONS OF AGING AND HEALTH TO TEACH THE EFFECTS OF NEGATIVE DRUG INTERACTION AND OTHER COMMON HAZARDS. ALSO, OF GREATEST IMPORTANCE ARE ADDITIONAL DIVISION OF AGING STAFF TO MONITOR THE QUALITY OF CARE RECEIVED BY RESIDENTS OF NURSING HOMES AND OTHER LONG TERM CARE FACILITIES. EVENTS OF RECENT WEEKS HAVE DEMONSTRATED OUR NEED TO MAINTAIN A CLOSE FOCUS ON QUALITY OF LIFE ISSUES IN LONG-TERM FACILITIES.

I AM ENCOURAGED BY THE EFFORTS OF THE DEPARTMENT OF MENTAL HEALTH TO ESTABLISH GOOD MANAGEMENT AND CONTROL PRACTICES AND TO

FIND THE MOST APPROPRIATE PLACEMENT AND TREATMENT FOR THOSE MISSOURIANS DEPENDENT UPON ITS SERVICES. MY RECOMMENDATIONS INCLUDE A \$5 MILLION INCREASE TO MAKE CERTAIN THAT APPROPRIATE FACILITIES ARE AVAILABLE FOR BOTH THE MENTALLY ILL AND MENTALLY RETARDED. ANOTHER \$4.4 MILLION WILL PROVIDE FOR RATE INCREASES AND ADJUSTMENTS TO ENSURE HIGH QUALITY SERVICES FROM COMMUNITY PROVIDERS. NEARLY \$800,000 IS EARMARKED FOR ADDITIONAL ACCOUNTANTS AND AUDITORS, AND FOR SPECIALISTS TO CERTIFY COMMUNITY-BASED PROGRAMS.

RISING COSTS IN HEALTH CARE, ALREADY ABSORBING OVER TEN PERCENT OF THE NATION'S ECONOMY, HURT MISSOURI'S CONSUMERS THROUGH HIGHER BILLS, HIGHER INSURANCE PREMIUMS, AND HIGHER TAXES. THE LEGISLATURE SHOULD CONSIDER REMOVING LEGAL BARRIERS TO ALTERNATIVES, SUCH AS HEALTH MAINTENANCE ORGANIZATIONS AND PREFERRED PROVIDER ORGANIZATIONS, WHICH HAVE SHOWN THEIR ABILITY TO HOLD DOWN COSTS. WE SHOULD EXAMINE OTHER OPTIONS, SUCH AS UNIFORM BILLING, WHICH PROVIDES CLEAR COST INFORMATION FOR CONSUMER CHOICES. I AM RECOMMENDING \$200,279 IN GENERAL REVENUE AND \$401,613 IN FEDERAL FUNDS TO HELP CONTROL STATE MEDICAID COSTS BY DEVELOPING AND USING STATISTICAL INFORMATION FOR BETTER COST CONTAINMENT APPLICATIONS.

EVENTS IN MOTION LONG BEFORE THE CONVENING OF THIS GENERAL ASSEMBLY PRESENT US WITH A SPECIAL CHALLENGE WITH REGARD TO UTILITY SERVICE FOR MISSOURI CITIZENS. HEAT, LIGHT, POWER AND COMMUNICATION SERVICES ARE NECESSITIES OF MODERN LIFE AND THEIR AVAILABILITY MUST BE ASSURED. WE NEED AFFORDABLE ENERGY FOR OUR

HOMES AND SCHOOLS. WE NEED AFFORDABLE ENERGY FOR OUR INDUSTRY TO DEVELOP AND CREATE JOBS.

I ASK THAT YOU REQUIRE THE PUBLIC SERVICE COMMISSION TO FORCE ELECTRIC COMPANIES TO ACCOUNT FOR ALL CONSTRUCTION COST OVERRUNS AND PROVE THAT THOSE COSTS WERE NOT THE RESULT OF POOR MANAGEMENT FOR WHICH THE COMPANY ITSELF SHOULD BE RESPONSIBLE. WE MUST ALSO MAKE IT CLEAR THAT THE PSC MAY DISALLOW RECOVERY OF OPERATING EXPENSES ATTRIBUTABLE TO GENERATION OF EXCESS ELECTRICAL CAPACITY. FURTHER, THE PSC SHOULD BE REQUIRED TO EVALUATE THE ACQUISITION, CONSTRUCTION AND OPERATING PRACTICES OF ELECTRICAL CORPORATIONS SO THAT COSTS CAUSED BY INEFFICIENCIES IN THESE PRACTICES CAN BE EXCLUDED FROM RATES AND CHARGES.

BECAUSE OF MAJOR TRANSFORMATIONS IN UTILITY SERVICE DURING THE COMING YEAR, I ALSO AM ASKING FOR YOUR HELP IN IMPROVING THE PUBLIC SERVICE COMMISSION'S ABILITY TO SCRUTINIZE CAREFULLY THE MAJOR ISSUES PENDING BEFORE IT. I AM RECOMMENDING \$643,000 IN FISCAL YEAR 1985 EMERGENCY FUNDING AND \$1.7 MILLION IN FISCAL YEAR 1986 FUNDING TO HIRE OUTSIDE CONSULTANTS TO PERFORM AUDITS AND TECHNICAL SERVICES. I FURTHER RECOMMEND CREATION OF A DIVISION OF TRANSPORTATION IN THE NEW DEPARTMENT OF ECONOMIC DEVELOPMENT TO RELIEVE THE PSC OF TRANSPORTATION REGULATION SO THAT IT CAN CONCENTRATE ENTIRELY ON UTILITY ISSUES.

ADDITIONALLY, I PROPOSE A MAJOR STRENGTHENING OF THE OFFICE OF PUBLIC COUNSEL TO ALLOW IT TO ENHANCE ITS REPRESENTATION OF RATEPAYERS BEFORE THE PSC. \$66,000 WILL ADD BOTH AN ATTORNEY AND AN ACCOUNTANT TO THE PRESENT STAFF.

THE STATE'S PRISONS STILL FACE MAJOR PROBLEMS OF OVERCROWDING WITH A POPULATION NOW OF SOME 2,600 INMATES OVER THE DESIGN CAPACITY OF THE SYSTEM AND FORECASTS OF ANOTHER 3,000 INMATES BY 1994. MY RECOMMENDATIONS PROVIDE AN INCREASE OF \$18.6 MILLION TO BUILD ON THE PROGRESS MADE IN RECENT YEARS. IN LINE WITH THE CORRECTIONS MASTER PLAN, THESE INCREASES EMPHASIZE THE NEED FOR ADDITIONAL CAPACITY, ADEQUATE STAFFING FOR SECURITY, AND WORK PROGRAMS.

MY RECOMMENDATION OF A \$400 MILLION CONSTITUTIONAL AMENDMENT NO. 1 BOND AUTHORIZATION ADDRESSES THE NEED FOR ADDITIONAL PRISON SPACE AS WELL AS OTHER VITAL CONSTRUCTION AND MAINTENANCE PROJECTS FOR EDUCATION AT OTHER STATE FACILITIES. OF THE TOTAL, \$55.4 MILLION WILL ADD ANOTHER 1,040 PRISON SPACES, INCLUDING THE ADDITION OF 40 BEDS AT THE BIGGS BUILDING IN FULTON FOR PRISON INMATES NEEDING PSYCHIATRIC CARE, A NEW MAXIMUM SECURITY FACILITY, ADDITIONAL HOUSING UNITS AT THE BOONVILLE AND OZARK CORRECTIONAL CENTERS, DOUBLING OF THE CAPACITY OF THE NEW DIAGNOSTIC CENTER IN FULTON TO PROVIDE PERMANENT SPACE FOR HIGH SECURITY FEMALE INMATES AND AN INMATE WORK FORCE, FUNDS TO LEASE OR PURCHASE A MEDICAL FACILITY, AND A NEW MULTI-PURPOSE BUILDING AT THE ALGOA CORRECTIONAL CENTER, WHICH WILL PERMIT CONVERSION OF EXISTING SPACE TO ACCOMMODATE ANOTHER 150 INMATES.

OTHER RECOMMENDATIONS SEEK TO SLOW THE RATE OF POPULATION INCREASES BY ENHANCING THE PROBATION AND PAROLE SYSTEM AND EXPANDING THE COMMUNITY CORRECTIONS PROGRAM FROM A TARGET OF 60 CLIENTS THIS FISCAL YEAR TO 300 BY THE END OF FISCAL YEAR 1986.

IN ADDRESSING OVERCROWDING I AM NOT OVERLOOKING THE PRESSING NEEDS OF THE EXISTING INSTITUTIONS. I AM RECOMMENDING \$1.4 MILLION FOR ANOTHER 90 CORRECTIONS OFFICERS TO IMPROVE SECURITY IN THE PRISONS AND \$3.8 MILLION FOR 107.5 OTHER STAFF ESSENTIAL TO EFFECTIVE INSTITUTIONAL OPERATIONS.

WE MUST CONTINUE THE STRONG FIGHT AGAINST CRIME THAT YOU HAVE SUPPORTED SO WELL IN RECENT YEARS. IMPLEMENTING OUR CRACKDOWN ON DRUNK DRIVERS WILL REQUIRE FIFTY-FOUR STAFF MEMBERS IN THE DEPARTMENT OF REVENUE TO ADMINISTER LICENSE SUSPENSION AND REVOCATION. I AM ALSO RECOMMENDING TEN NEW OFFICERS FOR THE WATER PATROL TO IMPLEMENT THE BOATING SAFETY TASK FORCE'S RECOMMENDATIONS TO ADDRESS THE ALCOHOL ABUSE THAT CONTRIBUTES TO 75% OF THE BOATING ACCIDENTS ON OUR RECREATIONAL WATERS.

MISSOURI'S CRIMINAL JUSTICE SYSTEM ALSO IS IN NEED OF REFORMS TO PROVIDE MORE EFFECTIVE PROTECTION OF CITIZENS AND PROSECUTION OF CRIMINALS. RELEASE ON BAIL SHOULD NOT BE AVAILABLE TO DEFENDANTS WHO POSE A DANGER TO THE COMMUNITY, AND RELEVANT EVIDENCE SHOULD NOT BE EXCLUDED FROM MISSOURI TRIALS WHEN THE FEDERAL CONSTITUTION WOULD PERMIT IT TO BE USED.

MISSOURI HAS SUFFERED SEVERAL YEARS OF AGONY CAUSED BY THE IMPROPER DISPOSAL OF HAZARDOUS WASTES. PROGRESS HAS BEEN MADE. THE MOST IMMINENT HEALTH THREATS HAVE BEEN ADDRESSED. HOWEVER, THE TASK OF CLEANING UP HAZARDOUS WASTES IS COMPLEX, TIME-CONSUMING, AND EXPENSIVE. OUR EFFORTS IN THIS AREA MUST CONTINUE, WITH THE FOREMOST GOAL BEING THAT OF PROTECTING THE HEALTH AND SAFETY OF OUR CITIZENS.

VIGOROUS EFFORTS MUST CONTINUE TO HAVE THE PARTIES RESPONSIBLE FOR IMPROPER WASTE DISPOSAL PAY THE NECESSARY CLEANUP COSTS. MISSOURI MUST CONTINUE TO WORK WITH THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY TO JOINTLY FUND THE CLEANUP OF THOSE MISSOURI SITES ON THE NATIONAL PRIORITY LIST.

OUR RECOMMENDATIONS ADDRESS SEVERAL SPECIFIC AREAS. FIRST, THE TRANSFER OF HAZARDOUS WASTE REMEDIAL FUNDS TO GENERAL REVENUE, REQUIRED BY STATUTE, MUST BE REPLACED. THIS IS ESSENTIAL TO ALLOW CLEANUPS TO PROCEED IN A TIMELY MANNER. THIS LAW MUST BE CHANGED. IN ADDITION, MISSOURI'S HAZARDOUS WASTE LAWS REQUIRE SEVERAL TECHNICAL CHANGES TO COMPLY WITH FEDERAL LAW.

A FISCAL YEAR 1985 SUPPLEMENTAL APPROPRIATION OF \$1,000,000 IS NECESSARY TO PROCEED WITH CLEANUP COMMITMENTS MADE BY THE DEPARTMENT OF NATURAL RESOURCES. OUR RECOMMENDATIONS WILL ALSO PROVIDE ADDITIONAL FUNDS FOR INCREASED PERMIT REVIEW, COMPLIANCE, AND ENFORCEMENT ACTIVITIES.

FOR FISCAL YEAR 1986, \$1.1 MILLION IN HAZARDOUS WASTE REMEDIAL FUNDS AND \$4.8 MILLION IN FEDERAL FUNDS WILL BE REQUIRED FOR CLEANUPS UNDERTAKEN IN CONJUNCTION WITH EPA. WHEN DEALING WITH HAZARDOUS WASTES, WE MUST NOT FORGET THE PROBLEMS POSED BY SOLID WASTE DISPOSAL. OUR RECOMMENDATIONS WILL ALLOW:

- 0 INCREASED INSPECTIONS OF SANITARY LANDFILLS
- 0 PROMOTION OF ALTERNATIVES TO LAND DISPOSAL
- 0 EXPEDITED PERMIT REVIEWS
- 0 ASSISTANCE TO LOCAL GOVERNMENTS, AND

O TESTING FOR GROUNDWATER CONTAMINATION.

HAVING OUTLINED WHAT STATE GOVERNMENT SHOULD ACCOMPLISH FOR THE PEOPLE OF MISSOURI IN THE COMING YEAR, I WANT TO TOUCH BRIEFLY ON WHAT GOVERNMENT SHOULD BE:

EFFICIENT,

PRODUCTIVE, AND

HONEST.

MAKING GOVERNMENT WORK BETTER WILL BE A CONSTANT EMPHASIS OF MY ADMINISTRATION.

THREE PRIORITIES ARE HIGH ON THE "BETTER GOVERNMENT" AGENDA FOR THIS LEGISLATIVE SESSION.

FIRST, FOR EFFICIENCY, MY FISCAL YEAR 1986 BUDGET RECOMMENDATIONS INCREASE 54 NEW STAFF FOR TOUGHER ENFORCEMENT OF TAX LAWS BY THE DEPARTMENT OF REVENUE. THE \$1.3 MILLION INVESTMENT WE MAKE HERE WILL GENERATE AN ESTIMATED \$12.5 MILLION IN INCREASED TAX COLLECTIONS, NEARLY A TEN-TO-ONE PAYBACK.

SECOND, FOR PRODUCTIVITY, I RECOMMEND A TWO-PART PAY PLAN FOR STATE WORKERS. \$33 MILLION IN GENERAL REVENUE WILL ALLOW A 6% ACROSS-THE-BOARD INCREASE AND HELP PREVENT OUR EMPLOYEES FROM FALLING FURTHER BEHIND THE COMPENSATION AVAILABLE IN MISSOURI'S BUSINESSES, IN MISSOURI'S LOCAL GOVERNMENTS AND IN NEIGHBORING STATE GOVERNMENTS.

AS THE SECOND PART, THE FISCAL YEAR 1986 PAY PLAN INCLUDES A NEW APPROACH TO IMPROVE PRODUCTIVITY AND REWARD PERFORMANCE AMONG STATE EMPLOYEES.

SALARY INCENTIVES OR MERIT INCREASES ARE A VITAL TOOL TO ENCOURAGE AND REWARD OUTSTANDING PERFORMANCE. UNFORTUNATELY, FINANCIAL DIFFICULTIES HAVE PRECLUDED MERIT PAY INCREASES FOR STATE WORKERS IN 3 OF THE PAST 4 YEARS. I AM ASKING DEPARTMENT DIRECTORS TO FREE UP EXISTING APPROPRIATIONS THROUGH GREATER EFFICIENCY AND TO USE THE SAVINGS FOR EMPLOYEE MERIT INCREASES UP TO A CAP OF 2%. THIS ACTION WILL PROVIDE ABOUT \$9 MILLION IN MERIT INCREASES FOR OUR BEST EMPLOYEES WITHOUT ADDITIONAL FUNDING AND WILL MOVE US TOWARD THE GOAL OF FEWER, MORE PRODUCTIVE AND BETTER PAID EMPLOYEES.

THIRD, FOR FAIRNESS, FEW ISSUES CAN BE MORE IMPORTANT THAN THE INTEGRITY OF THE PROCESS BY WHICH FREE CITIZENS FREELY ELECT THEIR GOVERNMENT. CAMPAIGN FINANCE LEGISLATION CONSIDERED LAST YEAR COULD HAVE TAKEN IMPORTANT STEPS TOWARD STRENGTHENING THAT PROCESS. I URGE YOU TO CONSIDER AND PASS AGAIN THOSE IMPORTANT REFORMS AND TO HANDLE THEM SEPARATELY FROM THE EXTRANEous ISSUES THAT WERE ATTACHED TO HOUSE BILL 1160.

-- I HAVE PRESENTED A PROGRAM OF SOUND PLANNING FOR STEADY PROGRESS THROUGH THE YEARS AHEAD. IT ADDRESSES MISSOURI'S HIGH PRIORITY NEEDS IN EDUCATION, ECONOMIC DEVELOPMENT, FOR CHILDREN AND SENIOR CITIZENS, UTILITY REFORM, PUBLIC SAFETY AND OTHER AREAS. MOST IMPORTANTLY, IT PROVIDES A STRONG FINANCIAL BASE TO ENSURE THAT OUR ACCOMPLISHMENTS OF THIS YEAR ARE NOT WIPEd OUT IN

LEANER TIMES. I BELIEVE THAT WORKING TOGETHER, WE CAN AVOID THAT HAZARD AND RESIST THE TEMPTATION TO "BLOW IT ALL" IN A SPENDING SPREE THAT WILL MORTGAGE OUR POTENTIALS FOR THE FUTURE. WE CAN BE SENSITIVE TO TODAY'S NEEDS AND SENSIBLE ABOVE OUR OBLIGATIONS TO TOMORROW. THANK YOU FOR YOUR DEDICATION AND COMMITMENT TO MISSOURI. I LOOK FORWARD TO OUR LABOR TOGETHER.